

7 JUL 1978

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Mr. Joseph F. Malaga
Executive Director
Administrative Services Reorganization Project
Washington, D. C. 20405

Dear Mr. Malaga:

Your letter dated 15 June 1978 with regard to Transmittal of Draft Reports - Administrative Services Reorganization Project has been referred to this office for reply.

Our comments are keyed to the issues and are as follows:

Issue No. S-1: Design Concept for a National Supply System - We see no objection to the establishment of a National Supply System (NSS) if, in the final analysis, it provides the service to the customer in a timely manner.

Issue No. S-2: Criteria for Consolidation of Depots - We see no objection to the consolidation of Government wholesale supply depots if it provides service to the customers in a timely and cost effective manner. While the subject of consolidating depots seems to be an area where substantial savings can be realized, a more in depth study is required.

Issue No. S-3: PSS Supply Operations - We agree with the recommendations concerning industrial funding.

Issue No. S-4: Customer Services - We strongly support Conclusions/Recommendations 8 through 10. These would provide us with more flexibility in supply/procurement operations.

Issue No. S-5: Vendors and the PSS Procurement Process - We concur with any efforts designed to, and effective in, the lessening of the complexities currently inherent in Government contracts. Any effort

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expended in this respect is costly to the potential contractor who ultimately passes such costs on to the Government. This, of course, is inflationary in nature. Therefore, we concur with OFPP's efforts to simplify procedures and regulations involved with Government contracting. A step in this direction could be the simplification of regulations, contract forms, and the use of more easily understood contract language, particularly in contracts not in excess of certain dollar limitations, i.e., the \$25,000 threshold mentioned in the S-5 summary.

Issue No. S-6: Personal Property Utilization - We have no problem with the General Services Administration (GSA) assuming a Government-wide role for excess property sales.

Issue No. S-7: Printing Services - We feel that little would be gained by the establishment of an Executive Branch committee with the same authority as the Joint Committee on Printing, assuming that Congress would agree by revising Title 44. We do not believe that the savings and improvements cited would, ipso facto, flow from such a move. It is apparent that the reestablishment of the Interdepartmental Committee on Printing and Processing, without changes in Title 44, would only add yet another layer of bureaucracy.

Issue No. S-8: Strategic and Critical Materials Stockpile - We have no comment.

Issue No. S-9: Public Utilities Management - Most domestic utility services are provided to the Agency as part of the GSA Standard Level User Charge (SLUC) system wherein we pay a unit rate for space, including utilities. There are exceptions, however, and utilities for Agency space located on military compounds or not otherwise subject to the SLUC system are paid for under the interagency support agreements or directly by the Agency. These latter instances are few, so, for the most part, the Agency is subject to GSA utility policies and procedures through the SLUC system.

Per the report, GSA accounts for only 25 percent of Government purchased utility services while the remaining 75 percent represents usage by the military and other

civilian agencies. We believe that the present decentralized system, in which the military and many civilian agencies have independent authorities to arrange for utility services based on their own unique needs, is better than the proposed centralized system under which GSA, having 25 percent or less of the total requirement, would establish policies and procedures for all Federal agencies.

Issue No. S-10: Cooperative Support Services - We have no comment.

Issue No. S-11: Motor Vehicle Management - We agree that the reduction in replacement cycle time for vehicles from six years to three years will be cost effective in the long run.

Issue No. S-12: Transportation and Traffic Management - Of the four alternative recommendations for transportation services, we would recommend the adoption of Alternative A since the services and expertise of GSA would become more available to the Agency. Alternatives B and C are considered impractical with no changes of adoption. We endorse an increase in FOB origin contracting, since this would permit the application of traffic management expertise in the procurement cycle and result in transportation cost savings.

We are pleased to have the opportunity to comment on this excellent draft study.

Sincerely,

 James H. McDonald

James H. McDonald
Director of Logistics

cc: ER
DDA

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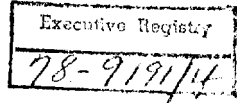
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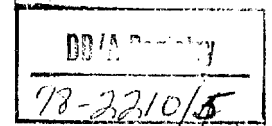
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Administrative Services Reorganization Project
GS Building
18th & F Sts. NW
Washington, DC 20405

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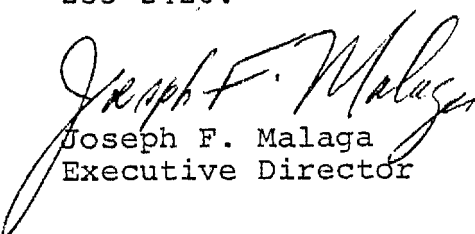


MEMORANDUM FOR HEADS OF EXECUTIVE AGENCIES AND ESTABLISHMENTS

SUBJECT: Transmittal of Draft Reports - Administrative
Services Reorganization Project

Enclosed is the last of four draft task force reports of the Administrative Services Reorganization Project -- Supply and Support Services.

Please review the enclosed draft and give us your written comments by July 7, 1978. Comments should be sent to the Executive Director, Administrative Services Reorganization Project (XS), GS Building, 18th and F Streets, NW, Washington; DC 20405. If you have questions or would like additional information, please contact the Supply and Support Services Task Force Leader, Mr. David Phillips, at 235-2420.


Joseph F. Malaga
Executive Director